

PX 597

Ripple Sales XRP FAQ

Key Links to Share with Clients

- <https://ripple.com/xrp/>
- <https://ripple.com/xrp/buy-xrp/>
- <https://ripple.com/insights/> - Ripple News Letter - XRP News

1. What is XRP?

Native digital asset of a blockchain or DLT similar to Bitcoin/BTC, Ethereum/ETH

- From a technical perspective XRP is very different compared to BTC/ETH as it is not proof of work (BTC, ETH) or proof of stake (ETH will soon have this), XRP runs on an efficient consensus mechanism.
- XRP's consensus mechanism allows for faster transaction confirmations yielding lower costs and greater throughput (XRP: 1500/second, Bitcoin: 8/second, Ethereum: 20-30/txn per seconds)
- XRP fees are \$0.0003, compared to an average of \$0.50 for BTC
- Goal of XRP is to be the enterprise digital standard for international value transfer with speed and scale ideal for low value, high volume payments.

2. How do I buy XRP?

The best resource for how to buy XRP can be found on Ripple's How to Buy XRP page.

<https://ripple.com/xrp/buy-xrp/>

3. How was XRP created?

XRP is the native digital asset of the XRP Ledger. All 100B XRP were created when the Ledger was launched in 2013.

4. Who owns XRP?

There are thousands of individual XRP owners, the vast majority of which are unknown to Ripple. The XRP Ledger however, is completely open source software and isn't owned by anyone.

5. Ripple is making their own money... are you controlling the price?

Ripple is not making its own money. The founders of Ripple created XRP before they created the company and gifted most of it to Ripple. No more XRP can ever be created. Ripple does not control the price of XRP. It's price is market driven and predominantly determined on digital currency exchanges.

6. Why don't we fix XRP to a fiat currency (eg. 1 XRP = 1 USD)?

Ripple does not control the price of XRP. The price is market driven and thus fluctuates accordingly.

7. Is XRP being used to fund operating expenses at Ripple?

Yes. Ripple sells a small percentage of volume each day in order to help fund operations. In Q2 2017 Ripple sold \$10.3M worth of XRP which represented 0.09% of total exchange traded volume.

8. Please share details on the escrow arrangement

All Escrow details which we can publicly share can be found here:

<https://ripple.com/insights/ripple-to-place-55-billion-xrp-in-escrow-to-ensure-certainty-into-total-xrp-supply/>

9. What is the business case for XRP?

Ripple's goal for XRP is for it to be the digital standard for international value transfer. The business case for XRP relies heavily on its ability to enhance our suite of products by acting as a liquidity alternative. XRP liquidity is meant to be an alternative to traditional correspondent banks, especially for low value high volume payments into difficult to reach corridors

10. What are the future plans for XRP?

Ripple's short term goals for XRP include listings on key digital currency exchanges, partnerships with payment providers to use it as a payment rail, and continued integration into xRapid. In the longer term, the goal is to create XRP markets which are liquid enough for large financial institutions to use as their primary payment rails.

11. Which corridors are we focused on?

At the moment we are working to list XRP in China, Brazil, and the Philippines. For payments we will soon have pilots under way in USD to MXN.

12. Who uses XRP and for what purposes today?

The primary users for XRP today are speculators and professional liquidity providers. In the very near future however, we expect to have smaller payment providers using XRP liquidity as a payment rail for specific corridors.

13. How do I secure the custody of XRP asset holding?

There a number of ways to securely hold XRP. The easiest and most enterprise grade solution is Bitgo. Other security options are Ledger, a hardware wallet, and cold storage which requires manually configuring a wallet directly on the Ledger.

14. Are my transactions through XRP public?

There are two ways to transact through XRP. One involves opening accounts at digital currency exchanges. In this case any buying and selling of XRP is private. The only entity that has any knowledge of your transactions is the exchange itself. The other method requires creating an account directly on the ledger and transacting from that account. Though the account does require a name, this activity is indeed public.

15. Who provides markets I can use to buy and sell XRP using my primary currencies?

Digital currency exchanges have the most liquid XRP markets. Here is a list of the most liquid XRP exchanges: <https://xrpcharts.ripple.com/#/xrp-markets>

16. How do I price XRP? How do I measure the volatility risk of XRP? (eg. Methodologies)

XRP price discovery occurs on digital asset exchanges so they tend to be the best source of price information. XRP volatility is measured using standard volatility calculation methods.

17. How secure is XRP for cross-border payments?

XRP's use is not a deciding factor in its day to day security. Generally speaking digital currency security hinges on safe user key management.

18. As a bank do you need to have an XRP account?

Today, in order to access XRP liquidity any entity has to have an account at a digital currency exchange or have a relationship with an OTC market maker.

19. Why do I need XRP, what benefits does it provide? / Why is XRP better for banks?

XRP allows for real time on demand liquidity without the need to pre fund nostro accounts. For expensive or difficult to reach corridors, XRP could provide a viable alternative to traditional correspondent banking relationships.

20. What does a bank need to do to use XRP (such as open an account at an exchange on the sending side and the receiving side.

A bank could use XRP in one of two ways. It could hold XRP on its balance sheet and use it as a settlement currency when transacting with another entity. That however, would require the other entity to also use XRP. Additionally, XRP's current volatility and lack of price hedging tools would make it challenging to hold on balance sheet. Lastly, in this scenario currently there would be security and regulatory challenges the bank would need to consider. The second way a bank could use XRP is by opening accounts at digital asset exchanges. Here a bank could buy XRP on the exchange with its local currency, transfer the XRP to an exchange that services the payout currency of a payment, sell the XRP for that currency, and then use that currency to fulfill the payment. Ripple's software supports both methods of XRP transactions, and banks can use whichever method they prefer.

21. The question often coming out is around the fluctuation/volatility of the XRP price and how a banks can use this to hedge/bridge against more risky currencies

Today XRP is likely to be more volatile than most currencies banks transact in regularly. As XRP markets mature, become more liquid, and develop more sophisticated hedging tools this volatility will subside and become more manageable.

22. How can XRP as a gross settlement mechanism come close to enabling CLS netting functionality and efficiency?

Today they can't, and in the future XRP markets are unlikely to replace large CLS netting of major currencies. As XRP markets mature however, they will provide a viable RTGS alternative for payments in challenging corridors, where traditional correspondent banking relationships are too difficult or expensive to maintain. Additionally. Because of XRP's speed, scale, and low cost banks will find it useful to use as they expand to serve businesses built on low value high volume payments.

23. What do regulators think about XRP? Have [any/"my"] regulators approved the use of XRP by banks?

Generally regulators do not think about XRP as separate to the rest of the digital currency space. As a result, XRP's relationship with regulators very much depends on their views of digital assets broadly. In Asia that view tends to be more forward thinking and countries such as Japan, South Korea, and the Philippines have shown varying degrees of support for digital currencies.